



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

May 10, 2013

To: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

SACRAMENTO UPDATE – INFRASTRUCTURE FINANCING DISTRICT LEGISLATION

Executive Summary

This memorandum contains updates on several bills which propose changes to existing laws governing Infrastructure Financing Districts (IFDs). As previously reported, this office and County Counsel have reviewed these bills and except for **County-opposed AB 690**, the proposed legislation would not alter the requirements under current law that require an affecting taxing entity to approve the infrastructure financing plan by resolution of its governing body in order for its tax increment to be contributed to the Infrastructure Financing District.

Status of County-Advocacy Legislation

County-opposed AB 690 (Campos), which as amended on April 9, 2013, would: 1) provide for the creation of a Jobs and Infrastructure Financing District (JIFD) without voter approval; and 2) remove provisions of existing law which require the legislative body of any affected taxing entity to adopt a resolution approving the formation of the JIFD and the contribution of its tax increment to the district, among other provisions, was held in the Assembly Local Government Committee at the request of the author. As a result, this bill will not be considered this year.

Legislation of County Interest

AB 229 (Pérez), which as amended on April 8, 2013, would authorize the creation of an IFD and the issuance of debt with 2/3 voter approval to finance projects in redevelopment

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project areas, former redevelopment project areas, and former military bases by a local government acting as a military base reuse authority, passed the Assembly Appropriations Committee by a vote of 16 to 1 on May 1, 2013. This measure now proceeds to the Assembly Floor.

AB 243 (Dickinson), which as introduced on February 6, 2013, is substantially similar to AB 229, as described above, except that it would lower the voter approval threshold requirement from 2/3 vote to 55 percent vote for the creation of an IFD and the issuance of bonds. AB 243 passed the Assembly Appropriations Committee by a vote of 12 to 5 on May 1, 2013. This measure now proceeds to the Assembly Floor.

AB 294 (Holden), which as introduced on February 11, 2013, would have authorized an IFD to utilize the Educational Revenue Augmentation Fund (ERAF) portion of incremental tax revenue, was amended on April 23, 2013. The bill now creates the Local-State Joint Investment Partnership Pilot Program to allow IFDs or special districts, upon approval by the Infrastructure and Economic Development Bank, to reallocate specified ERAF payments to fund public works projects. AB 294 passed the Assembly Local Government Committee by a vote of 8 to 0 on May 1, 2013. This measure now proceeds to the Assembly Appropriations Committee.

AB 662 (Atkins), which as introduced on February 21, 2013, would amend existing law to allow IFDs to include any portion of a redevelopment project area, passed the Assembly by a vote of 76 to 3 on April 25, 2013. This measure is now proceeds to the Senate.

SB 33 (Wolk), which as amended on March 6, 2013, would: 1) repeal the voter approval requirements for the creation of an IFD and bond issuance; and 2) would authorize the legislative body to create an IFD, among other provisions, passed the Senate Floor by a vote of 24 to 13 on April 11, 2013. This measure now proceeds to the Assembly.

SB 628 (Beall), which as amended on April 10, 2013, would eliminate the voter approval requirement for the creation of an IFD, adoption of an IFD financing plan, and the issuance of bonds to implement a transit priority project, a regional transportation plan, or another other project consistent with a sustainable communities strategy, passed the Senate Transportation and Housing Committee by a vote of 7 to 3 on May 7, 2013. This measure now proceeds to the Senate Floor.

We will continue to keep you advised.

WTF:RA
MR:VE:AO:lm

c: All Department Heads
Legislative Strategist
Local 721